

Historic, Archive Document

Do not assume content reflects current
scientific knowledge, policies, or practices.

A31.3
Ag8

UNITED STATES
DEPARTMENT OF AGRICULTURE
LIBRARY



BOOK NUMBER

A31.3
Ag8

570015

UNITED STATES DEPARTMENT OF AGRICULTURE
Washington 25, D. C.

August 1954

Among the important legislative actions taken during the second session of the 83rd Congress was the passage of the Agricultural Act of 1954. Provisions of the new law affect the management of surpluses, price support and production adjustment programs, agricultural conservation work, marketing agreements, efforts to broaden foreign markets, and other agricultural activities. The Congress also passed legislation designed "to conserve vital water and soil resources of the United States."

President Eisenhower approved this new legislation, the chief provisions of which are covered in this summary:

SUMMARY OF AGRICULTURAL ACT OF 1954

Set-Aside of CCC Commodities

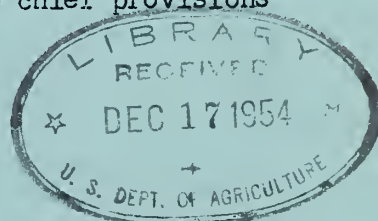
The Agricultural Act of 1954 provides for a special set-aside of commodities acquired by the Commodity Credit Corporation from 1954 or prior crops, to be established as rapidly as the Secretary of Agriculture determines to be practicable. The set-aside will consist of the following commodities within the quantity ranges indicated:

	<u>Maximum Quantity</u>	<u>Minimum Quantity</u>
Wheat (Bushels)	500,000,000	400,000,000
Upland Cotton (Bales)	4,000,000	3,000,000
Cottonseed Oil (Pounds)	500,000,000	0
Butter (Pounds)	200,000,000	0
Nonfat Dry Milk		
Solids (Pounds)	300,000,000	0
Cheese (Pounds)	150,000,000	0

\$2½ Billion Maximum -- The Act further provides that the maximum value of commodities included in the set-aside shall not exceed 2½ billion dollars. This value will be determined from CCC's investment in the commodities at the time they are placed in the set-aside.

Disposal Methods -- Seven ways for disposing of commodities in the set-aside, in accordance with directions of the President, are specified in the Act. They are:

(1) Transfer for disaster and other relief purposes outside the U. S., subject to limitations of the Agricultural Trade Development and Assistance Act of 1954. This means, in effect, that commodities in the set-aside can be made available to any friendly nation to meet famine or other urgent relief needs, or to friendly and needy populations in other countries without regard to the friendliness of their governments.



(2) Sale or barter, including barter for strategic materials, to develop new or expanded markets for American farm products.

(3) Donation to school lunch programs.

(4) Transfer to the national stockpile.

(5) Donation, sale, or other disposition for research, experimental, or educational purposes.

(6) Donation, sale, or other disposition for disaster relief purposes in the U. S., or to meet any national emergency declared by the President.

(7) Sale for unrestricted use to meet a need for increased supplies, such sales to be made at not less than 105 percent of the parity price in the case of agricultural commodities, and a price reflecting 105 percent of the parity price of the agricultural commodity in the case of products of agricultural commodities. With the exception of this item, the specified outlets permit uses of set-aside commodities in a way that does not deprive commercial trade groups of sales opportunities.

The creation of the set-aside, and adoption of specific standards for disposing of commodities in it, will not in any way affect the authority of the CCC to dispose of commodities not included in the set-aside.

Management of Set-Aside -- The Act authorizes the rotation and consolidation of set-aside inventories, with the understanding that such actions will be offset by purchases of the same commodity approximately equivalent in amount or value.

Set-Aside Excluded from Price Support Computation -- The quantity of any commodity in the set-aside or transferred from it to the national stockpile, shall be excluded from the computation of carry-over in determining the price support level of the commodity concerned. The purpose of this provision is to avoid penalizing producers, at the outset of a new program, because of current large surpluses. However, such surplus quantities will be included for acreage allotment and marketing quota purposes. Under the Act, in cases where CCC will not have acquired sufficient quantities of some commodities -- cotton, for example -- to complete the set-aside in time to compute "carry-over" for the purpose of 1955 price supports, such quantities as the Secretary shall specify (within the maximum and minimum quantities) will be treated as having been transferred to the set-aside.

* * * *

Price Support and Related Provisions

Basic Commodities (Wheat, Corn, Cotton, Rice, Tobacco, and Peanuts) -- Mandatory price support at 90 percent of parity, now in effect for the basic commodities, will expire with the 1954 crops. Thereafter, except for tobacco, there will be flexible supports at levels varying with the available supply of each of these commodities.

For 1955 crops, the level of support to cooperating farmers will be within a range of 82½ to 90 percent of parity, and for the years following within a range of 75 to 90 percent of parity. The level of support for tobacco will continue at 90 percent of parity as long as marketing quotas on the crop are in effect.

The new Act also permits modernized parity to become effective for the basic commodities on a gradual basis. The transition will take place at a rate of 5 percent a year beginning January 1, 1956. Modernized parity, which takes into account price relationships during the most recent 10-year period (in place of the former fixed base periods for computing parity), is already in effect for the non-basic commodities. The new formula reflects the more efficient modern farm practices of recent years.

Designated Non-basic Commodities (Wool, Milk and Butterfat, Tung Nuts, and Honey) -- A number of changes are made by the new Act in the provision for the "designated non-basic" commodities.

Potatoes -- which were technically in this classification but which have been denied price support in recent years by another provision of law -- have been removed from the "designated non-basic" classification. Instead, they are now classed with other non-basic commodities, and the Secretary has discretionary authority to support the price of potatoes at from 0 to 90 percent of parity, the same as for all other vegetables, fruits, and other crops that are not in the so-called "basic" or "designated non-basic" classifications.

Wool -- Another change introduces legislation -- the National Wool Act of 1954 -- which sets up a new price support method for wool and mohair. (See separate summary on page 7.

Dairy Products -- The new Act continues mandatory support for dairy products at a level of not more than 90 percent of parity nor less than 75 percent of parity as the Secretary finds necessary to assure an adequate supply of milk. In addition, new features: (1) provide for loans on or purchases of whole milk (authorization previously covered only products of whole milk and butterfat) and (2) give the Secretary broad authority until March 31, 1956, to dispose of surplus stocks of dairy products in any way he deems necessary.

The Secretary is also directed to make studies and report to Congress on the various methods of price support and production controls that could be used in connection with dairy products.

The Commodity Credit Corporation is directed to:

- (1) use up to \$50,000,000 a year for the next two years to increase consumption of fluid milk in nonprofit grade and high schools until June 30, 1956;
- (2) make its surplus stocks of dairy products available to the Armed Services and to veterans' hospitals as additional stocks for their use;
- (3) to provide from its funds up to \$15,000,000 annually for two years to step up the Department's brucellosis eradication program.

Tung Nuts and Honey -- Support for tung nuts and honey is continued at the present 60-to-90 percent of parity range.

Special Provisions

Assurance of Benefits to Farmers -- The new Act provides that whenever price support or surplus removal measures are carried out through purchases from, or loans or payments to, processors (rather than producers directly), the Secretary -- to the extent practicable -- is to obtain assurance from processors that producers of the farm commodities involved will receive maximum benefits from these operations.

CCC Feed Grains -- Until March 1, 1955, the Commodity Credit Corporation is authorized to sell at the point of storage any feed grain it owns at a price 10 percent above the current support price for the commodity.

Diverted Acres -- The Act provides that regulations issued by the Secretary restricting the use of diverted acres may be on an appropriate geographical basis and shall be administered (1) to permit the production of forage crops for future use in areas where good husbandry requires a feed reserve and, (2) to restore most quickly the normal pattern of agriculture in disaster areas.

* * * *

Marketing Quotas and Acreage Allotments

Corn -- The Act repeals the corn marketing quota provisions of existing legislation but retains provision for corn acreage allotments. The Act amends the definition of "normal supply" of corn to increase the carry-over allowance from 10 to 15 percent of the domestic consumption and exports.

The period of years for determining the average yield in computing the national acreage allotment for corn is reduced from 10 to 5 years and the trend adjustment in computing such yield is eliminated. Likewise, the period of years used in ~~apportioning the national corn allotment~~ to counties is reduced from 10 to 5 years.

The definition of "normal yield" for corn, both county and farm, is amended by changing the period of years used in computing the yield from 10 to 5 years and by eliminating the adjustment for trends in yields.

Wheat -- The Act amends the definition of "normal supply" of wheat to increase the carry-over allowance from 15 to 20 percent of domestic consumption and exports.

The final date for proclaiming the national acreage allotment of wheat is changed from July 15 to May 15, and for proclaiming the national marketing quota for wheat from July 1 to May 15.

The Act provides for the release and reapportionment of unused 1955 farm wheat acreage allotments, preference being given to farms in the same county, with any remaining acreage to be used by the state committee for "new" farm allotments. Provision is also made for the permanent release in writing of 1955 farm wheat allotments and for crediting the state and county where the acreage is reapportioned in the establishment of future allotments. As to farms, the acreage is credited to the surrendering farm rather than to the farm to which it is transferred.

The Act provides, effective for 1955 and subsequent years, for the establishment of a commercial wheat-producing area by authorizing the Secretary to eliminate the applicability of acreage allotments and marketing quotas to any state if the state allotment would be 25,000 acres or less. The allotment for other states will not be increased by the elimination of any state from the commercial area.

The Act also provides, in areas where a summer fallow crop of wheat is a common practice, for establishing minimum 1955 farm acreage allotments for farms on which a summer fallow and wheat rotation was practiced for the 1952 and 1953 crops of wheat. The minimum allotment is to be determined on not more than 640 acres. The acreage required for such increased allotments is in addition to county, state, and national allotments.

Cotton -- The Act gives additional discretion to county committees in establishing farm cotton acreage allotments if they elect to apportion the county allotment on a history basis, and authorizes the county committee to limit any farm allotment so established to an acreage not in excess of 50 percent of the cropland on the farm.

The Act makes permanent the provision for release and reapportionment of unused farm cotton acreage allotments, which was originally applicable only to 1954 and 1955.

General Provisions -- The Secretary's authority to increase or terminate acreage allotments as well as marketing quotas as a result of a national emergency or increased export demand is made clear.

The provision of existing law whereby a producer may adjust his cotton acreage to the farm allotment at any time prior to harvest is made applicable to all basic commodities. The Secretary is directed to provide a reasonable period of time before harvest within which any acreage of basic crops in excess of the allotments for those crops may be adjusted by the farmer to the farm's acreage allotment. This applies to marketing quota and acreage allotment compliance, and is effective for 1954 on the crops which have not reached the harvest stage at the time the Act was approved.

* * * *

Amendments to Soil Conservation and Domestic Allotment Act

Agricultural Conservation Program -- The Act extends the authority for Federal administration of the Soil Conservation and Domestic Allotment Act for two additional years until December 31, 1956, but directs that state administration of the programs be initiated as soon as state laws are enacted and adequate plans for state administration are submitted.

The determination by the Secretary of fair prices for conservation materials and services for use in the conservation program is made permissive rather than mandatory.

Distribution of funds for the conservation program among the states is to be made on the basis of their conservation needs, but the proportion allocated to any state may not be reduced by more than 15 percent from the previous year's distribution. This provision requires no change in program operation since similar language has been carried in the annual appropriation acts for the past several years.

Special consideration is directed to be given in the program to diverted acreage problems and to the maintenance of a proper balance between soil conserving and soil depleting crops on the farm.

Beginning with the 1955 crops, the provisions of law which make any farmer who knowingly exceeds his farm cotton acreage allotment ineligible for any payment under the Soil Conservation and Domestic Allotment Act have been extended, but changed to a harvested basis, to all basic crops.

State and County Committees -- The Act provides that in the event the administration of the agricultural conservation program passes to the states, state and county committees provided for under the Soil Conservation and Domestic Allotment Act shall nevertheless continue to be used for other programs.

The Act prohibits the Secretary from imposing by regulation any limitation upon the number of terms for which any county committeeman may be re-elected.

* * * *

Amendments to Agricultural Marketing Agreement Act of 1937

Orderly Marketing Conditions -- The Secretary is authorized "to establish and maintain such orderly marketing conditions for any agricultural commodity enumerated in section 8c (2) as will provide, in the interests of producers and consumers, an orderly flow of the supply thereof to market throughout its normal marketing season to avoid unreasonable fluctuations in supplies and prices." This provision permits marketing orders to continue in operation during periods when the price of the regulated commodity is at or above parity if the Secretary determines that such is in the interest of producers and consumers.

Grapefruit -- The legislation includes grapefruit for freezing or canning among those commodities for which marketing orders may be issued, and requires that orders on this commodity be approved by processors who handle 50 percent or more of the total volume, and that one or more representatives of processors be included in the membership of any agency selected to administer a marketing order applicable to grapefruit for canning or freezing.

Containers -- Provided is a method for fixing the size, capacity, weight, dimensions, or pack of containers which may be used in the packaging, transportation, sale, shipment, or handling of any fresh or dried fruits, vegetables, or tree nuts, provided such action does not conflict with the Standard Containers Act of 1916 and the Standard Containers Act of 1928.

Marketing Research and Development -- This provision permits use of funds collected pursuant to marketing orders on fruits and vegetables for establishment of marketing research and development projects designed to assist, improve, or promote the marketing, distribution, and consumption of any such commodity.

Import Qualifications -- Prohibited is the importation of tomatoes, avocados, limes, grapefruit, green peppers, Irish potatoes, cucumbers, or eggplants unless the imports comply with the grade, size, quality, and maturity provisions of marketing orders in effect on these commodities. If the Secretary finds that the application of the terms and provisions of a domestic marketing agreement or order to similar imported fruits or vegetables is not practicable, he shall establish restrictions on such imports which are comparable or equivalent to those imposed on the domestic commodity.

* * * *

Agricultural Attaches

The Act places the agricultural attache system in the Department of Agriculture as of September 1, 1954. In so doing, it provides that the attaches -- who are the representatives of American agriculture abroad -- will report directly to the Secretary. The attaches will thus work more closely with American agriculture than before in helping to develop foreign markets abroad for U. S. agricultural products, and in obtaining information regarding competition with and demand for our agricultural products overseas that is needed by farmers, processors, distributors, and exporters in the U. S.

The Act authorizes the Secretary not only to assign attaches abroad for tours of duty, but also to transfer them back again to serve within the Department. By having complete interchangeability between Department employees overseas and those in the U. S., it is felt that the job of both can be done more effectively.

The attaches, in general, will continue to be stationed at the U. S. embassies as a part of the official U. S. family abroad. Activities will be carried on in coordination with those of other U. S. representatives under the leadership of the Chiefs of the U. S. Diplomatic Missions.

* * * *

National Wool Act of 1954

The National Wool Act of 1954 recognizes wool as an essential and strategic commodity which is not produced in the U. S. in sufficient quantity to meet domestic needs. Under this Act, the national policy is to encourage a yearly domestic production of approximately 300 million pounds of shorn grease wool as a measure of national security and to promote the general economic welfare. Current production is around 230 million pounds.

Price Support Programs, Including Producer Payments -- To accomplish the objective of increasing production, the Act authorizes loans, purchases, payments, and other operations. Price support by means of producer payments is the new method provided. These incentive payments will be established by the Secretary of Agriculture at a level up to 110 percent of parity. However, if the goal of 300,000,000 pounds of shorn wool is reached, the support price for shorn wool will be at such level, not in excess of 90 nor less than 60 percent of parity, as the Secretary determines necessary in order to encourage an annual production of approximately 360,000,000 pounds of shorn wool. Price support through a method other than payments will not be made available at a level in excess of 90 percent of the parity price.

In setting the incentive price, the Secretary will consult with producer representatives and will take into consideration prices paid and other cost conditions affecting sheep production. The incentive payments to be made to producers are related to the wool tariff in that the total of all payments made may not exceed 70 percent of specific duties collected on imports of wool and wool manufacturers.

Period Covered -- The Act applies to wool marketed during the period April 1, 1955, to March 31, 1959. The current loan program which is based on the Agricultural Act of 1949 will continue in effect until April 1, 1955. Wool produced prior to January 1, 1955, will not be eligible for payments. The payments made to producers will be so calculated as to bring the national average of prices received for wool by producers in the open market up to the announced incentive level.

Pulled Wool -- The Act also provides for the support of pulled wool at a relationship to the support price for shorn wool which will maintain normal marketing practices. Mohair will be supported in the same manner as shorn wool under the legislation, except that the level of price support may differ to some extent from the level of price support for wool.

Industry Promotion -- The Act also authorizes an industry self-help feature for the purpose of developing and conducting advertising and sales promotion programs for these commodities and their products. For this purpose the Secretary is authorized to enter into agreements with, or approve agreements between, marketing cooperatives, trade associations, or others engaged or whose members are engaged in the handling of wool, mohair, sheep, or goats. Provisions may be made in such agreements to obtain funds necessary for promotion programs through pro rata deductions from producer payments, with the approval of at least two-thirds of the producers within the production area benefitting from such action or approval of producers of at least two-thirds of the volume within the area.

* * * *

WATER AND SOIL CONSERVATION LEGISLATION

The 83rd Congress took three legislative actions which President Eisenhower has now approved and which he said "give important new strength to our national efforts to conserve the vital water and soil resources of the United States."

Watershed Protection and Flood Prevention Act (Public Law 566) -- This law provides a broad program of Federal technical and financial assistance to local watershed groups through the Department. This legislation recognizes that there must be attention to water management in the upper reaches of our streams as well as in the major river valleys. It also gives emphasis to local leadership in soil conservation and flood prevention. Local organizations must not only initiate and help plan watershed and water development projects under this program, but they must also be ready to bear an equitable portion of the costs.

Water Facilities Act (Public Law 597) -- An amendment to this law contains two significant provisions. First it extends to a nationwide basis a program of direct credit specifically designed to help install or improve water facilities on farms or ranches. This program was formerly limited to the 17 western states. In addition, the revised act sets up a program of credit to cover other phases of soil and water conservation, including drainage and reforestation by insurance of private loans as well as direct loans. This provides a credit program, administered by the Department, which is specifically geared to the needs of farmers and ranchers who need help in establishing conservation programs.

Income Tax Deductions -- A third legislative action directly affecting soil and water conservation was contained in the revision of the internal revenue laws. (Public Law 591). A provision of that Act allows farmers and ranchers to treat expenditures for a number of measures for soil or water conservation as current annual expenses which may be deducted from farm income in computing income taxes. It gives farmers new tax advantages on land improvement measures and therefore provides added incentive to the carrying out of soil and water conservation programs.

